

TRAVERS SMITH

*Restructuring Group*





## Restructuring – An Insight

The financial crisis which is reverberating around the world has triggered an unprecedented wave of work for restructuring and insolvency professionals. Some of this has been fire fighting, but much of it has involved a continuing evolution of insolvency law and turnaround practice. As the crisis continues, so too will this wave of work.

A common theme is that a restructuring generally begins with a banking or corporate transaction which goes wrong. This may be because, for example, there is too much leverage, a challenging trading environment, poor management or a major unforeseen "downside" event. A period of distress often follows during which targeted action is required if the position is to be stabilised. However, in order to work out what action to take, the company's financial and operational structures must be reassessed and a viable restructuring plan must be developed. That plan will usually be implemented through another banking or corporate transaction, possibly involving an insolvency or rehabilitation process.

### Travers Smith Restructuring Group

At Travers Smith we are best known for our skills and experience on corporate and banking transactions. With this in mind, we have taken a positive decision to establish a dedicated Restructuring Group headed primarily by senior Banking, Insolvency and Corporate lawyers. This will give our clients access to top quality legal advice from experienced practitioners who not only understand how complicated transactions work in "normal" situations but who are also fully equipped to handle the different context, pressures and tactics where a company faces distress.

Our breadth of experience means we understand the full life-cycle of a business, including not just the immediate threats, but also the overall objectives of the company and its stakeholders and the need to exit the distressed phase through a viable restructuring transaction.

The Group is partner-led, an attribute we feel is of significant importance given the general gravity and sensitivity of the situations being handled. Our clients appreciate being able to obtain advice from specialists who are experienced, pragmatic and commercial. We offer an integrated approach where the members of the Group assess the scope of the restructuring assignment at the outset and call upon any necessary relevant specialists from across the firm to provide the best advice for each assignment in a co-ordinated manner.

Our clients include major banks, subordinated lenders, private equity houses, companies, directors, purchasers of distressed debt or businesses, pensions scheme trustees, overseas law firms and turnaround and insolvency practitioners.

We provide the full range of services which may be needed to effect a successful restructuring or turnaround including advising on:

- ▶ directors' duties and liabilities
- ▶ covenant resets and facility amendments
- ▶ standstill and support arrangements
- ▶ debt rescheduling
- ▶ debt-to-equity conversions
- ▶ disposals, acquisitions and group reorganisations
- ▶ refinancings
- ▶ equity fund-raising
- ▶ management incentivisation
- ▶ debt or business transfers
- ▶ listed company disclosure obligations
- ▶ insolvency and rehabilitation procedures such as administrations, company voluntary arrangements (CVAs) and schemes of arrangement
- ▶ cross-border insolvency recognition and co-operation; and
- ▶ related pensions, tax, litigation, intellectual property, commercial, real estate, regulatory, financial services and markets and employment advice

**We offer an initial consultation, free of charge, to carry out a preliminary assessment of the situation and the options that may be available.**

**Please contact any of the partners in the Restructuring Group (see the final page for contact details) if you require any assistance.**

*"They're cost-effective and have a practical approach to ensuring the greatest chance of business survival."*

**Chambers UK**

## Case Study

A multi-disciplinary team recently advised a corporate group on a complex restructuring and disposal programme.

The Group was a highly leveraged private equity backed group consisting of four non-trading holding companies and a number of trading subsidiaries.

The Group ran into financial difficulties as a result of poor trading in the first half of 2011, leading to defaults under its senior and mezzanine facilities. Travers Smith then guided the Group through a series of transactions that maximised the recoveries for stakeholders. Our work included:

- ▶ negotiating a series of waivers from the Group's senior and mezzanine lenders
- ▶ establishing a data room and process for the proposed disposal of the Group's business as a whole
- ▶ a detailed analysis of the impact of the proposed transactions, whether through or outside an insolvency process, on the Group's contractual relationships
- ▶ guidance to the directors on their duties
- ▶ ongoing funding arrangements during the disposal process
- ▶ development of contingency planning measures for use in the event that parts of the Group could not continue outside the protection of an insolvency process
- ▶ a series of individual disposals of the operating subsidiaries outside an insolvency process

The Travers Smith restructuring team provided a seamless service through a blend of the firm's Corporate, Banking and Insolvency skills during a very difficult period for our client.

## Other Experience

Selected work is highlighted below:



Blacks Leisure Group plc

Advised Blacks Leisure Group plc on its restructurings, including a CVA in 2009. We also advised KPMG as administrators in selling the Blacks and Millets businesses to JD Sports in January 2012



Advised Primary Capital on the purchase of the Hawkin's Bazaar business from the administrators of Tobar



Advised the Bank of England and BDO on the bank liquidation of Southsea Mortgage and Investment Company Limited, the first use of the "bank insolvency procedure"



Advised retailer, Clinton Cards PLC on its administration.



Advised TJ Hughes on the restructuring of its asset based lending facilities from Burdale, prior to entering into administration



Advised on the restructuring and refinancing of the Acertec Group, an international supplier of car body products and services under its Stadco division



Advised Midas Capital on a debt for equity swap



Advised Bridgepoint and Societa Europea Auto Caravans S.p.A. in relation to a security restructuring of AutoSleepers Holdings Limited through a CVA



Advised management on a restructuring and scheme of arrangement



Advised ntl on its \$20bn debt restructuring and exit from US Chapter 11 bankruptcy

*"an excellent spread of expertise in the insolvency field with the sensitivity and the ability to react quickly"*

Chambers UK

## The Team



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